

FIFTY-FIRST ANNUAL REPORT

THE CROW'S NEST PASS COAL COMPANY,
LIMITED

FERNIE, BRITISH COLUMBIA

ESTABLISHED 1897



FOR THE YEAR ENDING DECEMBER 31, 1947

FIFTY-FIRST ANNUAL REPORT

THE CROW'S NEST PASS COAL COMPANY, LIMITED

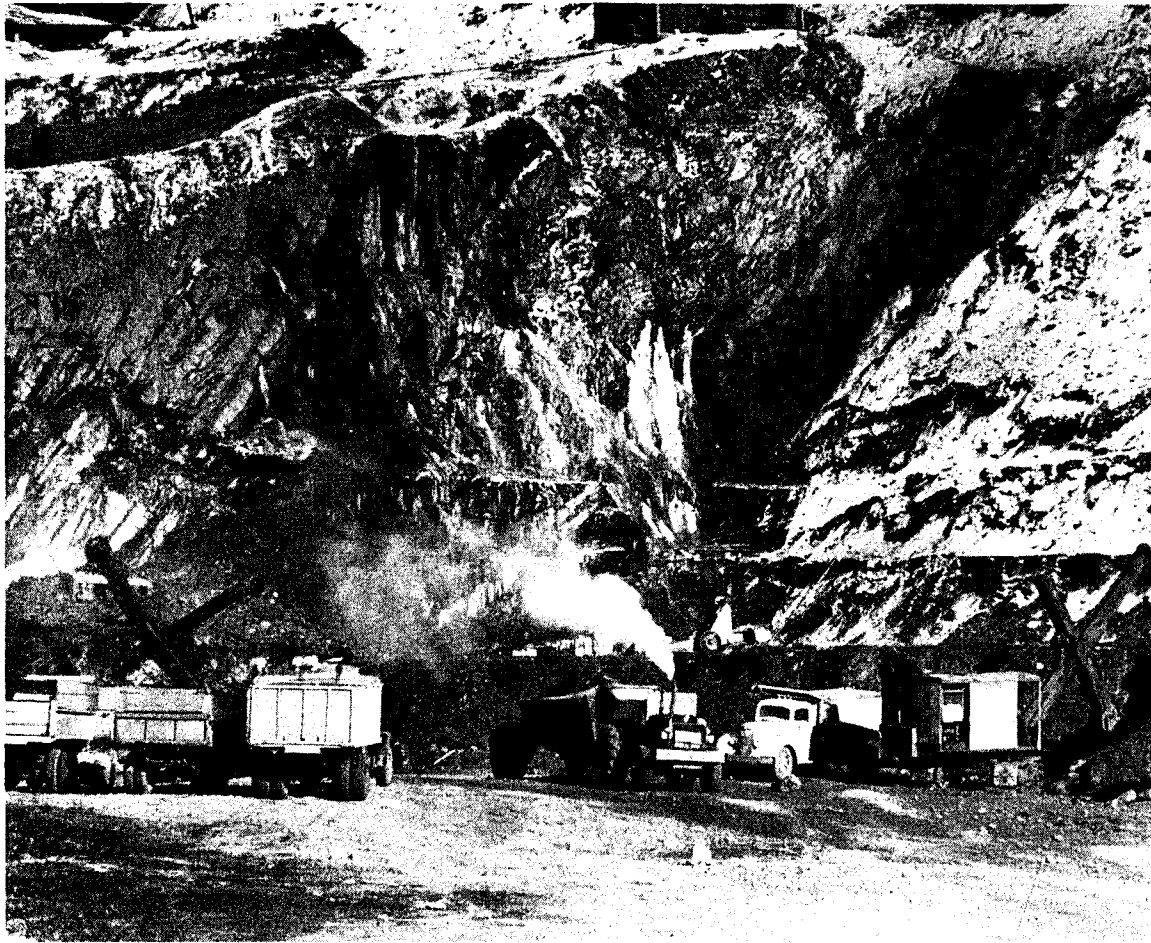
FERNIE, BRITISH COLUMBIA

(Incorporated 1897)



HEAD OFFICE, FERNIE, B.C.

YEAR 1947



YOUR STRIP MINE NEAR MICHEL COLLIERY

BOARD OF DIRECTORS

H. P. Wilson	Thomas Balmer	Welles V. Moot
Erasmus C. Lindley	F. D. Pratt	T. J. Thomas
	D. M. Mitchell	

EXECUTIVE COMMITTEE

Thomas Balmer, <i>Chairman</i>	
H. P. Wilson	F. D. Pratt
T. J. Thomas	D. M. Mitchell

OFFICERS

H. P. Wilson	President
Thomas Balmer	First Vice-President
F. D. Pratt	Second Vice-President
J. A. Tauer	Comptroller
T. H. Wilson	General Manager
T. G. Ewart	Secretary and Asst. to the President
D. M. Mitchell	Assistant Secretary
A. L. McPhee	Treasurer
Welch, Anderson & Company	Auditors

TRANSFER AGENTS

The Toronto General Trusts Corporation, Toronto, Ont.
Bankers Trust Company, New York, N.Y.

REGISTRARS

National Trust Company, Limited, Toronto, Ont.
Central Hanover Bank & Trust Co., New York, N.Y.

REPORT OF THE PRESIDENT

Fernie, British Columbia, March 31, 1948

To the Shareholders of The Crow's Nest Pass Coal Company, Limited:

It is a privilege to present the fifty-first Annual Report of your Company for the year ended December 31st, 1947, together with Balance Sheets and statements of Income and Surplus duly certified by your Auditors, Welch, Anderson and Company.

INCOME

Net Profit after provision for taxes, amortization, depreciation and depletion, was \$235,602.63. This is an increase of \$195,127.22 from \$40,475.41 earned the previous year.

DIVIDENDS

Distribution to shareholders during the year amounted to the sum of \$186,354.00 which is equivalent to \$3.00 per share. Net earnings during the year 1947 were equivalent to \$3.79 per share.

INVESTMENTS

Your Company as of the close of business on December 31, 1947, had investments of \$774,069.70 in Dominion of Canada bonds at varying maturity dates. Investment in these securities was made with cash realized from depreciation and depletion reserves and is maintained as a safety measure to provide for emergency and Capital Expenditures.

CAPITAL EXPENDITURES

The net Capital Expenditures made by this Company and its subsidiaries during the year amounted to \$430,270.22. These expenditures were incurred primarily to complete an underground mechanization program, to modernize beehive coke oven operations and for facilities necessary for strip mining.

PRODUCTION

Coal mined amounted to 958,907 tons as compared with 871,109 tons in 1946. This increase is the result of strip mining which was undertaken from an area adjacent to our Michel Colliery. This strip operation produced 153,394 tons in 1947. We are still short of skilled miners for our underground operations and strip mining has proven a valuable means to maintain production. Coke produced amounted to 104,155 tons in 1947 compared with 74,066 tons in 1946. Every effort is being made to increase production of coal and coke for the year, 1948.

MARKETS

Your Company continues to enjoy an excellent demand for its total production, and this appears likely to continue during the year, 1948. The quality of all products has been maintained at a high level and total tonnage continues to be distributed primarily to regular customers. Prices on all our products were increased on February 17th, 1948, in an amount sufficient to reimburse us for additional costs resulting from a new wage agreement with our employees.

EMPLOYEES

District 18, United Mine Workers of America terminated their contract with the Western Canada Bituminous Coal Operators' Association effective December 3rd, 1947. Our employees are members of this Union and your Company is a member of the above named Association. After negotiations broke down our employees went on strike on January 14, 1948. The strike was settled and work was resumed on February 19th. Our employees received an increase of \$2.00 per day and other benefits.

SUBSIDIARIES

Two subsidiary Companies are wholly owned, i.e., the Morrissey, Fernie and Michel Railway and the Crow's Nest Pass Electric Light and Power Company, Limited. According to best information and appraisal available, the investment in the subsidiaries as reflected on the parent company's books does not exceed the net worth of their assets.

CONCLUSION

Present conditions of high wages, and high prices in the cost of materials purchased, have of necessity resulted in higher prices for coal and coke. Your Company fully realizes the necessity of maintaining its markets and will use every effort to secure maximum efficiency in its operation in the interests of both customers and shareholders.

By order of the Board of Directors,

H. P. WILSON,
President.

THE CROW'S NEST PASS

BALANCE SHEET,

ASSETS

Cash on hand and in banks.....	\$ 99,868.20	
Accounts receivable.....	723,950.67	
Coal, coke and by-products and mine's supplies— at cost or useful values.....	456,724.24	
Dominion of Canada—refundable excess profits tax re 1942.....	28,185.12	
Bonds and shares (Market value \$790,093.75) at cost.....	774,147.35	
Total Current Assets.....		\$2,082,875.58
Shares (no established market value)—nominal value.....		2.00
Imperial Bank of Canada—Divident Account—To provide for issued and outstanding dividend cheques, per contra.....		6,907.61
Timber Sale Agreement—deferred balance receivable.....		26,200.00
Long term advance to subsidiary company.....	\$ 81,075.60	
Shares of wholly owned companies.....	335,690.03	
		416,765.63
Mines, real estate, plant and equipment, at cost less amounts written off to reserves	\$8,751,530.74	
Less: Reserves for depletion, depreciation and amortization.....	6,036,206.49	
		2,715,324.25
Prepaid expenses, insurance, etc.....		3,911.47
Deferred charges to operations:		
Cost of removing overburden in open pit or strip mining operations in anticipation of recovery of coal.....		301,935.57
Total.....		<u>5,553,922.11</u>

AUDITORS REPORT AND CERTIFICATE

To the Shareholders, The Crow's Nest Pass Coal Company, Limited, Fernie, B.C.

We report that we have audited the books and accounts of your Company for the year ended December 31st, 1947, and certify that we have obtained all the information and explanations required.

We confirmed the securities of the Company held for safekeeping by the Imperial Bank of Canada, Vancouver Branch, by certificate from the depository.

The cash and bank balances were verified, either by actual count or by certificates from the depositories.

Full provision has been made for Income Taxes.

The Balance Sheet and Statement of Income submitted herewith do not include the assets, liabilities, or the operating results of your subsidiary Companies other than by way of your investment in the shares of the subsidiaries. The operations of the subsidiary Companies for the year ended December 31st, 1947, resulted in a profit.

Subject to the foregoing, we certify that the accompanying Balance Sheet and Statement of Income are, in our opinion, properly drawn up so as to exhibit respectively a true and correct view of the state of the Company's financial affairs as at December 31st, 1947, and the result of its operations for the year ended that date, according to the best of our information, the explanations given us and as shown by the books of the Company.

WELCH, ANDERSON & COMPANY

Chartered Accountants.

February 20, 1948.

PASS COAL COMPANY, LIMITED

SHEET, DECEMBER 31st, 1947

LIABILITIES

Accounts payable—including accrued wages.	\$ 226,581.04	
Accrued taxes and assessments—net	17,086.16	
Accounts payable to wholly owned subsidiary companies.	34,066.57	
Income taxes—remainder payable.....	66,258.55	
Total Current Liabilities.....		\$ 343,992.32
Dividend Cheques—issued and outstanding—per contra		6,907.61
Reserve for refundable excess profits taxes		28,185.12

Capital—

Authorized \$10,000,000.00 divided into 100,000 shares
of the par value of \$100.00 each

Subscribed and paid up..... \$6,212,666.66

Deficit:

December 31st, 1947, as shown on accompanying statement... 1,037,829.60

Total 5,553,922.11

This is Balance Sheet referred to in Auditors' Report dated February 20th, 1948.

Signed on behalf of the Board,

THOMAS BALMER, *Director*
F. D. PRATT, *Director*

THE CROW'S NEST PASS COAL COMPANY, LIMITED

STATEMENT OF INCOME For the year ended December 31st, 1947

Profit on coal and coke operations.....		\$ 921,146.28
<i>Less:</i> Executive officers' salaries	\$ 48,030.40	
Counsel and legal fees	3,630.81	
Directors' fees	2,500.00	
Provision for depreciation and amortization of fixed assets and depletion of mines.....	544,940.59	
		<u>599,101.80</u>
		\$ 322,044.48
OTHER INCOME:		
Interest and dividends on securities—including amortization of investments—\$67.31		
less net bank interest and exchange of \$2,584.67.	\$ 15,720.48	
Sundry income—net	24,662.76	
		<u>40,383.24</u>
		\$ 362,427.72
Provision for income taxes, current year		<u>126,825.09</u>
		235,602.63
Net Profit for year		<u><u>235,602.63</u></u>

STATEMENT OF DEFICIT December 31st, 1947

Distributions to shareholders to December 31st, 1939, from funds derived through creation of reserves for depletion, per resolution of Directors		*\$1,340,632.20
<i>Deduct:</i> Undistributed profits to December 31st, 1946	\$298,957.63	
Profit for year ended December 31st, 1947 as shown on Statement of Income.....	235,602.63	
		<u>\$534,560.26</u>
<i>Less :</i> Dividends paid in 1947	\$186,354.00	
Write down of debt due from subsidiary company	45,403.66	
		<u>231,757.66</u>
		302,802.60
<i>Deficit</i> , December 31st, 1947, as shown on Balance Sheet.....		<u><u>\$1,037,829.60</u></u>

*This amount represents distributions paid to Shareholders under Section 83, ss 4 and 5 of the Dominion Companies Act.

THE CROW'S NEST PASS COAL COMPANY, LIMITED

COMPARATIVE DISTRIBUTION OF REVENUE DOLLAR

